

The Super Circular

2 CFR 200 - WHAT YOU - AND YOUR
SUBRECIPIENTS - NEED TO KNOW

The Super Circular



OMB's 2014 Christmas Gift

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Prior to December 26, 2014, OMB had three different sets of accounting standards that applied to CDBG-funded projects:

- ▶ OMB Circular A-87 for governmental subrecipients
- ▶ OMB Circular A-122 for nonprofit subrecipients
- ▶ OMB Circular A-21 for educational institutions

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The Super Circular replaces all three and applies to all new awards and all old awards modified after December 26, 2014.

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Whether an OMB circular or the Super Circular, three basic factors determine whether the grantee needs to be cutting a check:

- ✓ Is the expense necessary?
- ✓ Is the expense reasonable?
- ✓ Is the expense directly related to the activity?

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2 CFR 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR
FEDERAL AWARDS

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For most non-accountant types in the Community Development world, the new rule was not something we knew much about.

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24 CFR 2400.101 Applicable regulations.

Unless excepted under 24 CFR chapters I through IX, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth in 2 CFR part 200, shall apply to Federal Awards made by the Department of Housing and Urban Development to non-Federal entities.

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HUD has released its revised Monitoring Handbook and it includes Super Circular specific questions.

HUD is looking through a different lens at how grantees manage their programs.



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So what's different?

Lots!

Starting with a heavy dose of expectations.

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Expectations?

Exhibit 3-16
CDBG Entitlement Program

6509.2 REV-7

Guide for Review of Subrecipient/Community-Based Development Organization (CBDO) Management			
Name of Program Participant: [Redacted]			
Staff Consulted: [Redacted]			
Name(s) of Reviewer(s):	[Redacted]	Date	[Redacted]

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

Instructions: HUD reviewers should use this Exhibit to determine the extent to which program participants are adequately managing subrecipients/CBDOs and monitoring subrecipient/CBDO performance. (See 24 CFR 570.500(c) and 570.204(c), respectively, for definitions of "subrecipient" and "eligible CBDO.") The regulations at 24 CFR 570.501 – 503, 24 CFR 85.40, and 2 CFR 200.328 require program participants to monitor the day-to-day operations of subrecipient activities for compliance with applicable Federal requirements as well as to assess performance goal achievements. Program participant monitoring must cover each program, function, or activity. HUD's review normally takes place at the program participant level but, if

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§ 200.400 Policy guide.

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

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§ 200.400 Policy guide.

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§200 Subpart A - Definitions

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The Super Circular does not use the term “Grantee,” even though you are a grantee since HUD says you are – it’s right there on your Funding Approval/Agreement.

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§200.1 Definitions.

These are the definitions for terms used in this part. **Different definitions may be found in Federal statutes or regulations that apply more specifically to particular programs or activities.** These definitions could be supplemented by additional instructional information provided in government-wide standard information collections.

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Three Important Terms for Subrecipient Management

Non-Federal Entity

Recipient

Pass-Through Entity

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Which is which?

Both are defined in Subpart A

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§200.69 Non-Federal Entity.

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

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§200.86 Recipient.

Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients. See also §200.69 Non-Federal entity.

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§200.74 Pass-through entity.

Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

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§200.92 Subaward.

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

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§200.93 Subrecipient.

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

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“Subrecipient” is also defined in the CDBG and HOME regulations. HUD monitors have been instructed to use those definitions in most circumstances.

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Vendor vs. Contractor?

Vendor

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§200.23 Contractor.

Contractor means an entity that receives a contract as defined in §200.22 Contract.

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200.22 Contract.

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (see §200.92 Subaward).

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Why are we getting so deep in the weeds about definitions?



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HUD expects you to know the difference.

“a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.”

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Characteristics indicative of a contractor relationship:

1. Provides goods and services within normal business operations;
2. Provides similar goods and services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods and services that are ancillary to the operation of the federal program;
5. Is not subject to compliance requirements of the Federal program as a result of the agreement.

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Typically what will exist between the recipient and the contractor is a procurement relationship:

buyer/seller

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Characteristics of a CDBG subrecipient:

1. Determines who is eligible to receive what Federal assistance
2. Has its performance measured in relation to whether a national objective was met;
3. Has responsibility for programmatic decision making;
4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
5. Uses Federal funds to carry out a program for a public purpose specified in the authorizing statute; and
6. Does not provide goods or services for the benefit of the pass-through entity.

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- The pass-through entity is providing financial assistance to a non-federal entity to run an eligible program for it.
- The pass-through entity is not required to select subrecipients through a competitive procurement process.

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You determine:

Assistance or Procurement?

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What are the two components common to all CDBG subawards?

The activity must be eligible and meet a national objective.

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§200.331(b) [All pass-through entities must]
Evaluate each subrecipient's risk of non-compliance with Federal statutes, regulations, and the terms of the subaward ...

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This requirement will affect

- a. who your subrecipients will be;
- b. what your subrecipient agreement will look like;
- c. how you will manage the subaward;
- d. how you will monitor the activity; and
- e. how you will close out the activity.

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These are the factors the regulation instructs us to consider:

- ▶ Prior award experience
- ▶ Prior audit experience
- ▶ Staffing and internal systems
- ▶ The extent of any prior federal (or pass-through entity) monitoring
- ▶ Is the subrecipient listed in any of the Federal data bases? (e.g. SAM.gov)

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The Pre-Award Risk Assessment

The “how” and “when” are up to the grantee but each factor has to be documented.

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§200 – Subpart D – Post Federal Award Requirements

- ▶ **Standards for Financial and Program Management (§200.300-309)**
- ▶ **Property Standards (§200.310-316)**
- ▶ **Procurement Standards (§200.317-326)**
- ▶ **Performance and Financial Monitoring and Reporting (§200.327-329)**
- ▶ **Subrecipient Monitoring Management (§200.330-332)**

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§200.303 Internal controls. The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

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§200 – Subpart D – Post Federal Award Requirements

- ▶ **Record Retention and Access** (§200.333-337)
- ▶ **Remedies for Noncompliance** (§200.338-342)
- ▶ **Closeout** (§200.343)
- ▶ **Post-Closeout Adjustments and Continuing Responsibilities** (§200.344)
- ▶ **Collection of Amounts Due** (§200.345)

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§200 – Subpart E – Cost Principles

- ▶ **General Provisions** (§200.400-401)
- ▶ **Basic Considerations** (§200.402-411)
- ▶ **Direct and Indirect (F&A) Costs** (§200.412-415)

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Direct and Indirect (F&A) Costs (§200.412-415)

F&A?

Facilities and Administration

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§200.412 Classification of costs.

There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective.

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Direct Costs – “Those costs that can be identified specifically with particular final cost objective, such as a Federal award... or that can be directly assigned to such activities relatively easily with a high degree of accuracy.” (§200.413)

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The activity: Counseling for victims of domestic violence

The expense: Salary and benefits for the social worker providing the counseling services.

Direct or Indirect?

That portion of salary and benefits covering time for counseling services is an eligible direct cost.

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§200.56 Indirect (facilities & administrative (F&A)) costs.

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. ...

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The activity: Counseling for victims of domestic violence

The expense: The agency has administrative and clerical staff that provide support to the social worker but don't work directly with the activity.

Direct or Indirect?

The Super Circular says the costs related to these administrative and clerical workers are generally indirect costs.

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§200.57 Indirect cost rate proposal. *Indirect cost rate proposal* means the documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate ...

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In lieu of a negotiated rate, *de minimis* rate (10% of MTDC)
Modified Total Direct Costs

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How long does a negotiated cost rate remain in effect?

Any non-Federal entity that has a current federally negotiated indirect cost rate may apply for a **one-time extension** of the rates in that agreement for a period of **up to four years**. This extension will be subject to the review and approval of the cognizant agency for indirect costs. If an extension is granted the non-Federal entity may not request a rate review until the extension period ends. At the end of the 4-year extension, the non-Federal entity must re-apply to negotiate a rate.

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§200 – Subpart E – Cost Principles

- ▶ **Special Considerations for States, Local Governments and Indian Tribes (§200.416-417)**
- ▶ **Special Considerations for Higher Education (§200.418-419)**
- ▶ **General Provisions for Selected Items of Cost (§200.420-475)**

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The CDBG exceptions are found in §570.502.

Exceptions most likely to affect CDBG subrecipients cover

- ❑ Program Income
- ❑ Record Retention

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“The non-Federal entity, **in recognition of its own unique combination of staff, facilities, and experience**, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.”

§200.400(c)

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- ⇒ Subrecipient's Prior award experience
- ⇒ Subrecipient's Prior audit experience
- ⇒ Subrecipient's Staffing and internal systems
- ⇒ The extent of any prior federal (or pass-through entity) monitoring
- ⇒ Is the subrecipient listed in any of the Federal data bases? (e.g. SAM.gov)

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“Consider imposing specific subaward conditions if appropriate ...” [§200.331(c)]

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When's the best time to do the pre-award assessment?

What's the best way to do it?

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Notice of Funding Available

“All procurement transactions must be conducted in a manner providing full and open competition...” §200.319(a)

Selecting subrecipients is not a “procurement transaction,” but the “full and open” principle squares up nicely with HUD’s emphasis on public participation.

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Notice of Funding Available – See Appendix I to Part 200

- A. Program Description
- B. Award Information
- C. Eligibility Information
- D. Application and Submission Information
- E. Application Review Information
- G. Awarding Agency Contact(s)

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The grantee is not required to follow Appendix I form.

Consider an abbreviated NOFA supplemented with a separate document guiding prospective applicants through the application process.

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§ 200.400 Policy guide.

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- (c) **The non-Federal entity**, in recognition of its own unique combination of staff, facilities, and experience, **has the primary responsibility** for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

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§200.331(b) [All pass-through entities must]
Evaluate each subrecipient's risk of non-compliance with Federal statutes, regulations, and the terms of the subaward ...

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Ask questions to help you evaluate:

- ✓ Information needed to complete the pre-award assessment required by the Super Circular;
- ✓ How the applicant proposes to manage the financial side of the activity;
- ✓ The applicant's experience administering grants; and
- ✓ How the applicant will handle the activity if funding is not offered or offered at a lower level than requested.

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§200.501 Audit requirements

Did your organization spend more than \$750,000 in Federal awards during its most recent fiscal year? ☐ Yes ☐ No

Yes – The subrecipient must have a single audit conducted for that year

No – The subrecipient is exempt from Federal audit requirements for that year

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City of Happy Valley – Public Service Grant Program –Application

DOCUMENT CHECKLIST

The following documents are to be submitted with the application unless otherwise noted.

Most recent 501(c)3 letter from IRS or statement that organization is a government agency or other eligible organization.	
Organization's most recent Financial Audit. (If the agency does not meet the federal threshold (\$750,000 or more in federal expenditures) for requiring an audit, and does not have an audit, submit a certified statement to that effect.)	
Most recent Form 990 or Form 990EZ if organization is a nonprofit agency	
A Board Resolution setting forth who is authorized to submit the application and execute the grant agreement with the City.	
Organization's mission statement and/or strategic plan	
Organization's governing board roster. (If the organization has a local advisory board, include a roster of local advisory board members.) These lists must identify principal officers and include contact information for each board member.	
Organization's current organization chart (dated)	
Organization's Non-Discrimination Policy	
Organization's Conflict of Interest Policy	
Organization's Procurement Policy	
Organization's Grievance Policy for both employees and clients	
Organization's Termination Policy for both employees and clients	
Timeline/Schedule for beginning and completing the project scope of work	
Client Intake Form for the project (Although this document is not required to be uploaded with the application, it will be required before a Subrecipient Agreement is issued.)	
If your organization is requesting reimbursement for staff time or using staff time for match, attach a roster of staff you expect to be involved in the project, pay schedules and job descriptions for each person assigned to the project	
Attach any award/commitment letters pertinent to the proposed project.	
Documentation supporting the value of donated building, fair rental or lease	
If the project will use volunteers, provide a statement of job descriptions or a list of duties related to CDBG-funded project activities and the value assigned to those duties.	
Other documents the organization considers pertinent to its application	

At the discretion of the Community Development Department, a current Certificate of Existence from the State Secretary of State's office may be required before a Subrecipient Agreement is issued.

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§570.303(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

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- ▶ Uniform Requirements – “The agreement shall require the subrecipient to comply with applicable uniform requirements, as described in §570.502.”
- ▶ §570.502(a) Grantees and subrecipients shall comply with 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”...

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The Super Circular rule on program income, §200.307,
does not apply to CDBG.

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Suspension and termination – “The agreement shall set forth remedies for noncompliance and provisions on termination in accordance with 2 CFR part 200, subpart D.”

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§200.331 Requirements for pass-through entities. All pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

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Federal Award Identification Worksheet

FEDERAL AWARD IDENTIFICATION WORKSHEET
(as required by 2 CFR 200.331(a)(1)(i-xiii))

i. Subrecipient			ii. DUNS #	
iii. FAIN			iv. Federal Award Date	
v. Subward Period of Performance				
Start Date: <input type="text"/> End Date: <input type="text"/>				
vi. Amount of Federal Funds Obligated to the Subrecipient by this action:				
vii. Total Amount of Federal Funds Obligated to the Subrecipient:				
viii. Total Amount of the Federal Award:				
ix. Federal Award Project Description				
N/A - Not a first-tier subaward				
x. Federal Awarding Agency:				
U.S. Department of Housing and Urban Development				
Grantee:				
Awarding Official:				
U.S. Department of Housing and Urban Development				
710 Locust Street, 3rd Floor				
Knoxville, TN 37902-2526				
xi. CDFA Number and Name				
14.231 Community Development Block Grant (CDBG)				
xii. Is award for Research and Development?				
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
xiii. Indirect Cost Rates:				
Indirect costs are not a billable expense for this project				

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The subrecipient's name must match the name listed in DUNS. The subrecipient supplied its DUNS number in the application.

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The Federal Award Identification Number is on your jurisdiction's Grant Agreement

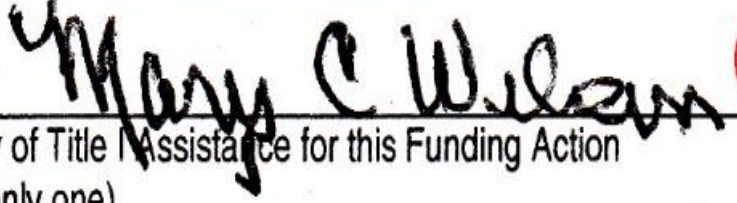
U.S. Department of Housing & Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

OMB Approval No.
2506-0193 (exp 5/31/2018)

	3a. Grantee's 9-digit Tax ID Number 626000374	3b. Grantee's 9-digit DUNS Number 089553861
	4. Date use of funds may begin (mm/dd/yyyy) 07/01/2016	
	5a. Project/Grant No. 1 B-16-MC-47-0009	6a. Amount Approved \$719,401.00
	5b. Project/Grant No. 2	6b. Amount Approved

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The award date is on your Grant Agreement:

U.S. Department of Housing and Urban Development (By Name)	
Mary C. Wilson	
Title	
Director, Office of Community Planning and Development	
Signature	Date (mm/dd/yyyy)
	07/14/2016
7. Category of Title Assistance for this Funding Action (check only one)	8. Special Conditions (check one)

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Start and stop dates come from the agreed-upon timeline.

7. Attach a detailed description of your proposed project. Describe the work to be performed, including the activities to be undertaken or the services to be provided, the goals and objectives of the project and the method of approach.

(Be specific about the days/times of services and the frequency and duration of services received by the average client or participant. A timeline/schedule including project start date and completion date must be submitted with the application.)

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Start Date:		End Date:	
vi. Amount of Federal Funds Obligated to the Subrecipient by this action:		\$	
vii. Total Amount of Federal Funds Obligated to the Subrecipient:		\$	
viii. Total Amount of the Federal Award:		\$	

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xi. CDFA Number and Name

14.218 Community Development Block Grant (CDBG)

xii. Is award for Research and Development?

Yes

☒ No

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xiii. Indirect Cost Rates –

§200.331(a)(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this part.

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- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

Murfreesboro CDBG Funding Assistance will not be used for the payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles.

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

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A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of §200 and §570.

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Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to HUD including identification of any required financial and performance reports...

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Appropriate terms and conditions concerning
Termination and Closeout of the subaward.

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A description of how any notices and reports required by the agreement are to be delivered, as well as the contact persons for both the grantee and the subrecipient.

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“Grant recipients are encouraged to be explicit with respect to including the new requirements in order to promote a clear understanding and enhanced compliance by sub-awardees. For example, instead of simply stating that a subrecipient must comply with the requirements of 2 CFR 200, the agreement should list the specific provisions (and the regulatory citations) that apply to the entity.”

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Pre-Award Assessment - §200.231(b)

- (1) The subrecipient's prior experience ...
- (2) The results of previous audits ...
- (3) Whether the subrecipient has new personnel or new...systems
- (4) The extent of Federal awarding agency monitoring [e.g. CoC awards]

Do you have a piece of paper?

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4.

a. Does the program participant provide technical assistance or training to subrecipients on an on-going and/or an as-needed basis?			<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Describe Basis for Conclusion:					
b. If the answer to “a” above is “yes,” describe the technical assistance or training the program participant has provided during the most recently completed program year and complete the table below. (Attach training materials, brochures, attendance lists, etc., if appropriate.)					
Subrecipient Name	Number of Persons Trained	Topics	Training Date(s)		
Describe Basis for Conclusion:					

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For Monitoring Covered by 2 CFR Part 200 Requirements.

c. Is there evidence that the program participant has provided appropriate resource materials to its subrecipients (e.g., governing regulations, 2 CFR Part 200, CPD Notices, the <i>CDBG Program Guide to National Objectives & Eligible Activities for Entitlement Communities</i> , or corresponding websites) and keeps subrecipients abreast of program changes and new or revised requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Describe Basis for Conclusion: 	

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The Super Circular (§200.331 (d)) requires the recipient to “monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; ...”

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Two ways to view monitoring mandate:

1. A formal process as established in the jurisdiction's monitoring plan involving an on-site visit or desk review;
2. The jurisdiction's day-to-day management of the subaward.

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Day-to-day oversight does not mean keeping office hours with the subrecipient.

Day-to-day oversight does mean paying close attention to details like making sure files are set up correctly, payment requests are in order and reports submitted on time and with correct data.

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On a day-to-day basis, what should the grantee be looking for?

“The majority of difficulties experienced by subrecipients lay in the area of financial management, administrative systems, documentation and record keeping.”

Playing By the Rules

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The grantee must provide the subrecipient guidance in building an activity file that addresses

- ❑ Financial management;
- ❑ Administrative systems;
- ❑ Documentation and record keeping; and
- ❑ Areas of potential difficulty identified during the pre-award assessment.

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What should be in the activity file maintained by the subrecipient? Start with the basics:

- ☐ National Objective Documentation [$\S 570.200(2)$] – Supplied by grantee
- ☐ Environmental Review Record ($\S 58.34(a)$) – Supplied by grantee
- ☐ Subrecipient Agreement
- ☐ Amendments to the Subrecipient Agreement
- ☐ Certifications: Anti-discrimination; Fair Housing; ADA/Section 504; EEO; Others as required by terms of Subrecipient Agreement

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Financial Management Systems

- ☐ Most recent Audit (if federal expenditures exceed \$750,000)
- ☐ Statement from CPA if federal expenditures do not exceed \$750,000
- ☐ Current Approved Budget
- ☐ Financial Status Report
- ☐ Chart of Accounts
- ☐ Documentation of Match
- ☐ Documentation of negotiated indirect cost rate (if applicable)

- ☐ Program Income Tracking ledger (if applicable)

- ☐ Payroll records – timesheets, salary schedule (if applicable)

- ☐ Payment Requests

Reimbursement

- ☐ Source documentation

- ☐ Backup Documentation

Advance

- ☐ Documentation supporting compliance with §200.305(b)(1) & (b)(2)

The Super Circular

Administrative Systems

- ☐ Articles of Incorporation/Bylaws
- ☐ IRS 501(c)3 letter
- ☐ Board of Directors Roster
- ☐ Authorization to request funds
- ☐ Organizational Chart
- ☐ Conflict of Interest Policy [§200.318(c)(1)]
- ☐ Non-Discrimination Policy
- ☐ Grievance/Termination Policy
- ☐ Procurement Policy [§200.318(a)]
- ☐ Record Retention Policy
- ☐ Confidentiality Policy [§200.303(e)]
- ☐ Certifications of policy compliance

The Super Circular

The Super Circular's confidentiality requirement:

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or the non-federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

The Super Circular

The confidentiality requirement applies to both the grantee and subrecipients.

Is the process in writing?

Is the process followed?

The Super Circular



The Super Circular

§200.343. Closeout

The Federal agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity.

The Super Circular

The Grantee initiates the process when the activity is complete – for a public service activity, that is the end date specified in the Subrecipient Agreement; the final report submitted and accepted; and all the bills associated with the activity have been paid – and drawn down through IDIS.

The Super Circular

When submitting its final invoice, the subrecipient must also comply with §200.415(a).

The Super Circular

§200.415 Required certifications.

Required certifications include:

(a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows)."

The Super Circular

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

The Super Circular

Even after closeout, subrecipients have on-going responsibilities:

- ☐ Record retention;
- ☐ The obligation to open the files and their books;
- ☐ Any audit requirements that may pertain; and
- ☐ To return Federal funds if the grantee disallows costs or if CDBG funds are found to have been used for ineligible expenses.

The Super Circular

The Super Circular (2 CFR 200.331 (d),(f),(g) and (h)) says:


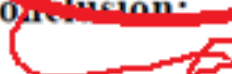
- Review financial and performance reports
- Verify single audit compliance (using data gathered previously and through the FAC)
- Ensure corrective action on deficiencies

The Super Circular

- Issue timely management decisions on relevant audit findings
- Consider whether audit results or other factors necessitate adjustment of pass-through entity records
- Consider whether enforcement actions are necessary

The Super Circular

For Monitoring Covered by 2 CFR Part 200 Requirements.

1. b. Describe the program participant's management system for the oversight of its subrecipients. (If the program participant has described its subrecipient management policies/processes/systems in writing, attach a copy, if practical.) [24 CFR 570.502; 2 CFR 200.228; 2 CFR 200.331]	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A </div>
Describe Basis for Conclusion: <div>   Correct citation is 2 CFR 200.328 </div>	